

DD/M&S 74-0322

MEMORANDUM FOR: Director of Communications
Director of Finance
Director of Joint Computer Support
Director of Logistics
Director of Medical Services
Director of Personnel
Director of Security
Director of Training
Chief, CIA Historical Staff
Chief, Information Systems Analysis Staff
Chief, Regulations Control Staff

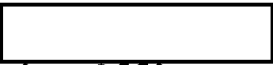
SUBJECT : State of the Directorate Meeting

You may recall that at the monthly meeting of 25 January 1974, the DD/M&S announced that he plans on holding a State of the Directorate meeting in the auditorium on 15 March 1974. It is his intention to meet with a broad cross section of DD/M&S employees, and cover the accomplishments of the past year, as well as the challenges which face the Directorate in the coming year. It would be very much appreciated if all Office Heads would submit comments, thoughts or suggestions on items which should be covered at the meeting, both in terms of the entire Directorate, as well as significant changes, accomplishments, or reorganizations within the various Offices. The meeting is to last from 1100 to 1200 hours.

Suspense: 5 February 1974.

MORI/CDF Pages 2,3,4,5,72 &

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Executive Officer to the
Deputy Director
for Management and Services

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EO-DD/M&S  kmg (29 Jan 74)

Distribution:

Orig - D/CO by hand at 1/30/74 morning meeting

Xcy - Ea additional addressee by hand at 1/30/74 morning meeting w/
✓ - DD/M&S Subj exception of C/RCS, C/ISAS and C/CIA HS

1 - DD/M&S Chrono

15 March 1974

STATE OF THE DIRECTORATE MEETING

1. Theme

Dramatic change. In the first six months of 1973, we had the appointment of two Directors, there have been key personnel changes at both the directorate and office levels, two major directorates, DD/M&S and DDO, were renamed to more definitively describe their missions, and there has been a withdrawal from a major role in paramilitary activities. There has also been the effect of Watergate.
2. DD/M&S Staff
 1. Reduction in size
 2. Reorganization
 3. Management by Objective
 4. More with less philosophy

STAT
3. Office of Communications
 1. Automated Communications Terminal (ACT) April 1973
 2. MAX-1A, automated message switching system, [] late 1973
 3. ARS, Automatic Relay System for small stations, [] June 1973
 4. CAFT, Computer Assisted Field Terminal, assemble and tested in 1973
 5. SKYLINK - Launch in December 1973; operational in March 1974

STAT
4. Office of Logistics
 1. Closure of [] May 1973
 2. Termination of Special Projects Unit, June 1973
 3. Supply Division Reorganization
 4. [] study completed
 5. Energy Crisis, paper shortage, etc.
 6. Air Advisor responsibility

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-2-

5. Office of Personnel

1. Agency Personnel Management and Evaluation System
2. Annual Personnel Plan
3. Personnel Development Program
4. Black applications (External and Internal)
5. Retirements/Surplus Exercises
6. Alcohol Program
7. Letters of Instruction

6. Office of Joint Computer Support

1. OCS/DDS&T to OJCS/DDM&S, 1 April 1973
2. SIPS to MAP and reevaluation of DDM&S priorities
3. Major reorganization in July 1973
4. Iams/Fitzwater changeover in November/December 1973.
5. Consolidation of CRS Computer Processing, November 1973
6. Computer Centers. Increase in 1973 from 150 to 250.
7. Allocation of computer resources to user offices
8. Discussions with DDO/ISG re computer ops in early 1974
9. Computer Systems Development. Mass Storage System.
10. Increase in special ADP courses and after-hours program

-3-

7. Office of Security
 1. Major reorganization - June-August 1973
 2.
 3. Autoscan STAT
 4. The Badge Machine
 5. Countering the Terrorist Threat
8. Office of Training
 1. Major reorganization
 2. Off-Campus Program
 3. Eminent Speakers Program
 4. Information Science Training
 5. Career Training Program
 6. Word Processing Center, Modular Concept, Language Training
9. Office of Medical Services
 1. Multiphasic Testing
 2. Selection and Screening Program. Assessment Centers
 3. Psychiatric Profiles
10. Office of Finance
 1. Inbound commuted travel allowance tables
 2. Financial Management Course, Nov-Dec. 1973
 3. Data Access Center at Key Building
 4. Implementation of new payroll system
 5. EAF, UBLIC and WAEPA deductions
11. Information Systems Analysis Staff
 1. Experimental copying center
 2. Experimental word processing centers
 3. Implementation of the review portion of Executive Order 11652

-4-

12. The Agency History Program

1. Past policies and procedures
2. Major thrust of current programs

OUTLINE

1. INTRODUCTION
2. BIOGRAPHIC SKETCHES
3. DDM&S STAFF
4. M&S DIRECTORATE
5. OVERSEAS STRUCTURE
6. ONE TEAM CONCEPT
7. OFFICE OF PERSONNEL
8. OFFICE OF MEDICAL SERVICES
9. OFFICE OF SECURITY
10. OFFICE OF LOGISTICS
11. OFFICE OF FINANCE
12. OFFICE OF COMMUNICATIONS
13. OFFICE OF JOINT COMPUTER SUPPORT
14. OFFICE OF TRAINING
15. OFFICE OF THE COMPTROLLER
16. MANAGEMENT BY OBJECTIVES
17. ONE CAREER SERVICE CONCEPT
18. LATERAL MOBILITY
19. PERSONNEL DEVELOPMENT PROGRAM
20. ANNUAL PERSONNEL PLAN
21. EQUAL EMPLOYMENT OPPORTUNITY
22. COMMUNICATIONS

- 23. MANAGEMENT SERVICES ADVISORY GROUP
- 24. PERSONNEL REDUCTIONS
- 25. PROMOTION STATISTICS
- 26. AGENCY CHARACTER
- 27. THE CHALLENGE
- 28. WATERGATE
- 29. FINE ARTS COMMISSION
- 30. HONOR AND MERIT AWARDS

STATE OF
MANAGEMENT AND SERVICES

INTRODUCTION

WELCOME

1973 YEAR OF DRAMATIC CHANGE

-- WORLDWIDE

-- U. S.

WATERGATE

ENERGY CRISIS

-- AGENCY

TWO NEW DIRECTORS

WITHDRAWAL FROM PARAMILITARY ACTIVITIES

-- M&S

CHANGE OF NAME

KEY PERSONNEL CHANGES

MAJOR OFFICE REORGANIZATION

MBO

I. DIRECTORATE (OVERVIEW)

A. *REORGANIZATION

B. *KEY PERSONNEL CHANGES

1. ADD/M&S (BRIEF BIO)
2. EXO (BRIEF BIO)
3. C/ISAS (BRIEF BIO; *ORGANIZATION)
4. HISTORICAL STAFF

*Indicates visual aid.

-2-

C. MAJOR REORGANIZATION

1. MOVE OF COMPTROLLER'S FUNCTION

a. IMPLICATIONS FOR M&S

b. HOW MUCH 'MANAGEMENT' LEFT

D. *SINGLE CAREER SERVICE CONCEPT

1. IMPLEMENTATION AND DETAILS

2. EFFECTIVENESS

E. "MORE WITH LESS" PHILOSOPHY

1. PERSONNEL REDUCTIONS

2. *WORLD-WIDE INVOLVEMENT

3. MBO

II. OFFICE OF COMMUNICATIONS

A. *REORGANIZATION

B. *KEY PERSONNEL

1. D/OC - BRIEF BIO

2. DD/OC - BRIEF BIO

C. *PERSONNEL AND POSITION STRENGTH

1. REDUCTIONS

2. GAIN IN OC MANNED STATIONS

3. INCREASE IN TRAFFIC PROCESSED

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D. *HIGHLIGHTS

1. AUTOMATED COMMUNICATIONS - TERMINAL (ACT), APRIL 1973

2. MAX-1A, AUTOMATED MESSAGE SWITCHING SYSTEM,

LATE 1973

* Indicates visual aid.

-3-

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3. ARS, AUTOMATIC RELAY SYSTEM FOR SMALL STATIONS, [REDACTED]
JUNE 1973
4. CAFT, COMPUTER ASSISTED FIELD TERMINAL, ASSEMBLED AND TESTED
IN 1973

E. SKYLINK - LAUNCH, DECEMBER 1973; OPERATIONAL IN MARCH 1974

III. OFFICE OF LOGISTICS

- A. *REORGANIZATION
- B. *KEY PERSONNEL
 1. D/OL - BRIEF BIO
 2. DD/OL - BRIEF BIO
- C. *PERSONNEL REDUCTIONS
- D. *HIGHLIGHTS
 1. CLOSURE OF [REDACTED] MAY 1973
 2. TERMINATION OF SPECIAL PROJECTS UNIT, JUNE 1973

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IV. OFFICE OF PERSONNEL

- A. *KEY PERSONNEL
 1. D/OP - BRIEF BIO
 2. DD/OP - BRIEF BIO
- B. *PERSONNEL REDUCTIONS
- C. *HIGHLIGHTS
 1. AGENCY PERSONNEL MANAGEMENT AND EVALUATION SYSTEM
 2. ANNUAL PERSONNEL PLAN
 3. PERSONNEL DEVELOPMENT PROGRAM
 4. RETIREMENTS/SURPLUS EXERCISES / ~~ALCOHOL PROGRAM; LETTERS OF~~
~~INSTRUCTION~~

*Indicates visual aid.

-4-

V. OFFICE OF JOINT COMPUTER SUPPORT

A. *REORGANIZATION

B. *KEY PERSONNEL

1. D/OJCS - BRIEF BIO
2. DD/OJCS - BRIEF BIO

C. *HIGHLIGHTS

1. OCS/DDS&T TO OJCS/DDM&S, APRIL 1973
2. SIPS TO MAP
3. CONSOLIDATION OF CRS COMPUTER PROCESSING, NOVEMBER 1973
4. INCREASE OF COMPUTER CENTERS FROM 150 TO 250
5. COMPUTER SYSTEM DEVELOPMENT (MASS STORAGE SYSTEM)

VI. OFFICE OF SECURITY

A. *REORGANIZATION

B. *KEY PERSONNEL

1. ACTING D/OS
2. DD/OS - BRIEF BIO

C. *PERSONNEL REDUCTIONS

D. *HIGHLIGHTS

1.
2. AUTOSCAN
3. THE BADGE MACHINE

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VII. OFFICE OF TRAINING

A. *REORGANIZATION

B. *KEY PERSONNEL

1. D/OTR - BRIEF BIO
2. DD/OTR - BRIEF BIO

*Indicates visual aid.

-5-

C. *STAFF REDUCTION

D. *HIGHLIGHTS

1. OFF-CAMPUS PROGRAM
2. EMINENT SPEAKERS PROGRAM
3. INFORMATION SCIENCE TRAINING
4. WORD PROCESSING CENTER; MODULAR CONCEPT; LANGUAGE TRAINING

VIII. OFFICE OF MEDICAL SERVICES

A. *KEY PERSONNEL

B. *HIGHLIGHTS

1. MULTIPHASIC TESTING
2. SELECTION AND SCREENING PROGRAM
3. ASSESSMENT CENTERS

IX. OFFICE OF FINANCE

A. *KEY PERSONNEL

B. *HIGHLIGHTS

1. INBOUND COMMUTED TRAVEL ALLOWANCE TABLES
2. DATA ACCESS CENTER
3. NEW PAYROLL SYSTEM

CONCLUSION

YEAR OF CHANGE...AND ACCOMPLISHMENT

MORE WITH LESS

MBO

WATERGATE, ITS EFFECT: POSSIBLE CHANGES IN NATIONAL SECURITY ACT
OF 1947

THE FUTURE

-- PERSONNEL REDUCTIONS

*Indicates visual aid.

-6-

--CHANGING ROLE OF AGENCY

-- ROLE OF M&S IN AGENCY

THE CHALLENGE

QUESTIONS?

*What Accompl - where going
issue: M + S people not in Dir -
review of year: input of prof - } problems
personal } of world*

INTRODUCTION

How we worked in prof -

Distinguished guests, ladies and gentlemen. I bid you welcome to a discussion of the "State of Management and Services," and invite your attention for the next few minutes to a review of the accomplishments of the past year, a description of what we as a Directorate are doing today, and a glimpse of where we're going.

You know, besides being an understatement, it's virtually trite these days to refer to 1973 as a "year of dramatic change." But it certainly is a descriptive reference.

--We witnessed the resumption of open hostilities in the Middle East in a brief but terribly costly war;

--International terrorism took on different, even more heinous forms;

--Each day seems to bring a new revelation concerning Watergate;

--The "energy crisis" became very real for each of us, a fact of which we're painfully reminded each time we visit the service station;

--We seem to be running out of paper, a commodity which we have taken for granted for so many years;

--The Agency had not one, but two, new Directors;

--The Organization severely reduced its involvement in the paramilitary business;

The Directorate itself was given a new name: Management and Services. With this change, the Directorate was given a new, more challenging role to fulfill in the Agency. There were numerous changes in key positions in the Directorate. There was a major reorganization: staffs were gained, and lost, functions and programs recombined and consolidated, and offices transferred both in and out of the Directorate. We saw the introduction of a system we had heard about for a long time: Management by Objectives.

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Chart

DDM&S STAFF

It is somewhat my management style to operate with relatively small staffs, and it was not long after my arrival on the scene in March 1973 that there was a significant reduction in the personnel strength of the immediate DDM&S Office. I remain convinced that the cuts were of such magnitude that no "fat" remains in the structure at the present time, and we are in a very defensible position in any review of functions or activities. If anything, we are on the light side in carrying out some of our review responsibilities.

Notwithstanding the reduction in overall size, the Directorate acquired two relatively small independent staffs which are carrying out important missions for the Agency. [redacted] heads up the Information Systems Analysis Staff which has been assuming increased responsibilities in a number of areas, not the least of which is in the information processing field, records management, declassification, and microform systems. This unit is paying its own way in the savings which are being effected as a result of the efforts of ISAS. The other key unit is the History Staff, headed by Walt Elder, who is providing solid direction and leadership to a program that was going into a new phase as of 1973. At this point there is a new focus on important Agency projects or activities rather than the more routine histories on offices and divisions.

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One final comment concerning the DD/M&S Staff, and this relates to some increased delegation of responsibilities which, I think, permits the Staff to accomplish more with considerably less resources. I will say more about Management by Objectives at a later point, but I believe that this system has provided me with the mechanism to follow much more closely the diverse and widespread activities of the various DD/M&S Offices. More on that later.

10 JAN 1973

BACKGROUND TO DEVELOPMENT OF SSA-DDS

1. During the early 1950's, administrative support was given to covert operations through several channels. There were two major operational components, Office of Special Operations (OSO) and Office of Policy Coordination (OPC), who dealt directly with the support components under the Deputy Director (Administration) as well as with certain other functional offices, such as the Office of Personnel and the Office of Communications, which were then independent units reporting directly to the DCI.

2. With the merger of OSO and OPC into the present DD/P, and the establishment of a single command channel, it became clear that it would also be necessary to develop for the DD/P a single administrative system. The DCI's directive of 15 July 1952 establishing the Clandestine Service, also established the position of Chief of Administration, DD/P. The COA was made responsible to the DD/P for insuring adequate support in trained personnel, equipment, funds, transportation, communications, facilities, and services for all Clandestine activities." Duties assigned to the COA included not only the functional responsibilities normally associated with general

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administration, but a number of operational support activities as well. The latter included the Commercial Division, Visual Aids, management of CAT, the Publications Control Unit, management of the DD/P's administrative career service, and liaison with units under the DD/A.

3. This organizational concept was modified on 3 February 1955 in conjunction with other organizational changes in the Agency. The net effect of the changes was to establish the Office of the Deputy Director (Support), assign to him all support functions including those which had previously been independent, and abolish the positions of the DD/A and the Chief of Administration. The position of the Special Support Assistant to the DD/S was established to replace the COA with certain exceptions.

4. Under the new concept the SSA, as a representative of the DD/S, was responsible to the DD/P "for assuring that the Clandestine Service receive adequate, proper, and timely support." He also retained certain delegations of authority which had formerly been made to the Chief of Administration. However, the operational support functions, such as CAT and the Commercial Division, reverted to the immediate office of the DD/S. The directive also stipulated that the SSA-DD/S and his staff would continue to be quartered in premises assigned to

the DD/P, the quarters arrangement terminating with the move to the Headquarters Building in 1962.

5. With minor variations the 1955 concept still exists. The SSA is on the staffing complement of the DD/S but is completely responsive to the DD/P, being unconcerned with general DD/I and DD/S&T administrative matters except when they affect the Clandestine Service. This is admittedly an unorthodox situation, and one which is difficult to explain to those who are accustomed to clearly drawn command channels and precise authorities. What is important is the fact that, in the resolution of problems, the SSA is speaking on behalf of both the DD/P and the DD/S. It is perhaps incongruous that a man can seem to serve two masters, but experience over the years has shown that the arrangement is efficient and practical, and the necessary support services have been provided in an effective manner with a minimum staff.

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DIRECTORATE "ONE TEAM" CONCEPT

I think I should mention here my concept of the Directorate: I see it as one team. There is a cohesiveness of functions, a unity of purpose, with a natural division of people, things, and policy. The Offices of Personnel Medical Services, and Security are concerned with people; the Office of Logistics and Finance are concerned with things; and the Offices of Joint Computer Support, Communications and Training are concerned with management.

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OFFICE OF PERSONNEL

I have all along made references to the 1973 reductions in personnel strength and position ceiling authorization for the Directorate in general and each Office in particular. We were not alone, however, for the Agency overall experienced a substantial reduction in personnel strength. The exit processing of the individuals involved was accomplished in a very orderly fashion by Office of Personnel. Of the total of 1,100 retirements, 541 were under CIARDS, 559 under Civil Service. In 1973, 488 people availed themselves of OP's external employment assistance. Of this number, 262 wanted and were given "one time" services such as resumes or employment counseling. A total of 226 were active job hunters, and of these OP was able to secure positions for 128.

A major achievement of the Office of Personnel in the past year was the design and implementation of a common, structured system for Deputy Directors and Senior Operating Officials to formally plan and present their advance personnel management planning. The Annual Personnel Plan and the Personnel Development Program are the products of Mr. Colby's interest, as the Executive Director-Comptroller and as the Director of Central Intelligence, in advance planning for effective personnel management and of his intention to follow the Federal government guidelines for executive development. APP and PDP are so designed that top management will be able to review the various personnel management plans, monitor the patterns of progress toward their accomplishment, and finally to evaluate the effectiveness of the implementation.

OFFICE OF MEDICAL SERVICES

During the past year medical services in general were expanded despite reduced resources. The Multiphasic Testing and Periodic Health Examination Program was launched in October 1973 to provide periodic clinical screening, and physical examination when indicated, for employees not otherwise seen by OMS on a periodic basis. This new program was initiated with only modest increases in non-staff resources.

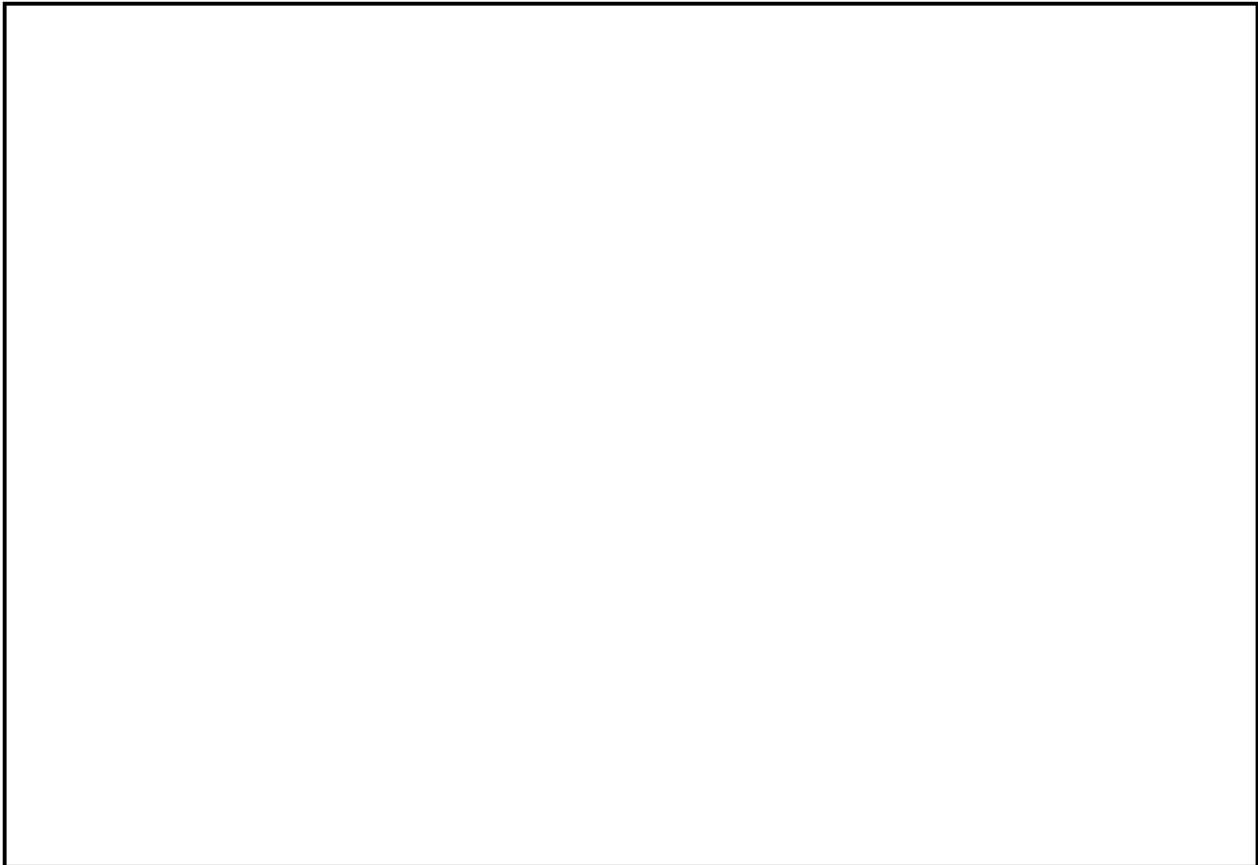
Research studies on effective selection and utilization of personnel was completed in the Office of Strategic Research/DDI and the Domestic Contact Division/DDO. Similar studies are now underway in FBIS, NPIC, and OTR.

A new concept in Assessment Centers is under development in OJCS and is being discussed in other offices.

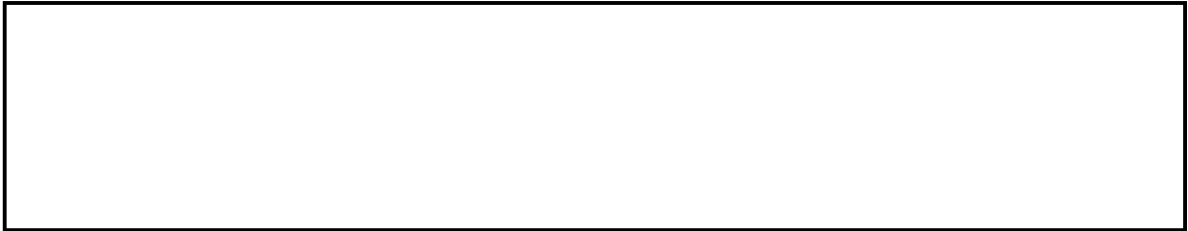
OFFICE OF SECURITY

From 1964 to just a couple of weeks ago, when he applied for a medical disability retirement, Howard Osborn was Director of the Office of Security. For the time being, I've asked my Associate Deputy Director, Jack Blake, to wear another hat, that of Acting Director of Security.

In July of last year, the Office of Security underwent a major reorganization, achieving an eleven percent reduction in strength. Staff activities were eliminated on the senior management level. In some instances, Divisions were reorganized into branches. The Personnel Security Directorate and the Investigations and Operational Support Directorate were combined into a consolidated Personnel Security Directorate. A new Directorate for Policy and Management was created. The three senior line officers - the Deputy Directors - each have a specific orientation. The Deputy Director, Policy and Management has a specific responsibility for services. The Deputy Director, Personnel Security and Investigations concerns himself with people in terms of clearances, operational support, and field investigations. The Deputy Director, Physical, Technical and Overseas Security is oriented toward physical and technical security. STAT



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And, last year Office of Security awarded a contract to develop a security access control system for the Agency. The system will consist of a reader at an entrance and a comparater (computer) at the Central Badge Office. The data on a specifically designed badge will be read by a reader at an entrance and compared with data on record in the comparater in the badge office as a means of granting access to the building. A guard will continue to be present at each entrance to arrange for an authorized bypass in cases of rejection or emergencies and to handle individuals whose badges have not been properly programmed. The use of the badge machine will eliminate the need for a second guard at entrances during peak periods, now running to 130 man hours a week for nine entrances in use at the Headquarters Building. A prototype of this security access control system will be available for on-site testing and evaluation within the year.

SECRETREORGANIZATION OF THE OFFICE OF SECURITY

In July 1973, the Office of Security underwent a major reorganization achieving an eleven percent reduction in strength by eliminating instances of duplication in some areas and consolidating in others which has resulted in increased efficiency. Staff activities were eliminated on the senior management level. In some instances, Divisions were re-organized into Branches. The Personnel Security Directorate and the Investigations and Operational Support Directorate were combined into a consolidated Personnel Security Directorate. A new Directorate for Policy and Management was created. The three senior line officers - the Deputy Directors - each have a specific orientation. The Deputy Director, Policy and Management has a specific responsibility for services. The Deputy Director, Personnel Security and Investigations is people problem oriented in terms of clearances, operational support and field investigations. The Deputy Director, Physical, Technical and Overseas Security is oriented toward things in the physical security and technical security sense. From a managerial standpoint, the reorganization was achieved over a seven month period without major disruption and has resulted in better control and increased efficiency.

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SECRET

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OFFICE OF LOGISTICS



During the past year, this Office has made a number of changes which have resulted in a greater cost-effectiveness to the Agency. I'll mention just a few: STAT

The Special Projects Unit (SPU), a quick reaction procurement facility at the [redacted] was terminated on June 30, 1973. OL continues to provide overseas stations with a direct mail channel to its Procurement Division which handles these requirements. There has been no change in Logistics' ability to respond.



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Effective the 4th of this month, the Supply Division was reorganized around the commodity management concept as opposed to independent stock control and stock management branches. By the end of the year there will be a Data Access Center in the Ames Center Building and the Inventory Control System will have been launched.

Aside from these changes, in the spirit of MBO, OL has identified its objectives for the fiscal years 1974 through 1976 and has established milestones for each objective. The Office has also completed a functional analysis, which relates each specific function performed to manpower and money.

INFLATION SHOCK SHEET

Administrative Supplies & Paper

Notebook, stenographic (package)

Spring 1973	\$1.30	112% increase in one year.
Spring 1974	3.75	

Paper, pad, 8x10-1/2 (dozen)

Spring 1973	\$1.90	97% increase in one year.
Spring 1974	3.75	

Envelopes, 8-7/8 x 3-7/8 (hundred)

Spring 1973	\$0.33	30% increase in one year.
Spring 1974	0.44	

Paper, pad, ruled (dozen)

Spring 1973	\$1.70	129% increase in one year.
Spring 1974	3.90	

Paper, bond, 8x10-1/2 (ream)

Spring 1973	\$0.94	107% increase in one year.
Spring 1974	1.95	

Pad, yellow, unruled (each)

Spring 1973	\$0.25	368% increase in one year.
Spring 1974	1.17	

Twine, cotton (per ball)

Spring 1973	\$0.44	218% increase in one year.
Spring 1974	1.40	

Pencils, #2 (dozen)

Spring 1973	\$0.19	26.3% increase in one year.
Spring 1974	0.24	

INFLATION SHOCK SHEET

Forms

#44 - Abstract File Slip (per thousand)

July 1972	\$4.29	149% increase in one year.
July 1973	10.70	

(160,000 ordered in July 73)

SF 63 - Memorandum of Call (per 20 pads)

October 1973	\$2.20	40% increase in 8 months.
June 1974	3.08	

(26,000 pads ordered in June 74)

#2820 - Classified Message (per thousand)

October 1973	\$47.92	58% increase in 7 months.
May 1974	75.60	

(675,000 ordered in May 74)

#291 - Shipping Document (per thousand)

February 1972	\$156.48	30% increase in 2 years.
February 1974	203.90	

(65,000 ordered in February 74)

#2220B - Outgoing Message (per thousand)

April 1973	\$58.75	27.4% increase in 14 months.
June 1974	74.85	

(210,000 ordered in June 74)

#2220 - Outgoing Classified Message (per thousand)

April 1973	\$32.70	14.5% increase in 13 months.
May 1974	37.45	

(360,000 ordered in May 74)

#1236A - Transmittal Manifest (per thousand)

July 1972	\$23.98	19% increase in one year.
July 1973	28.56	

(270,000 last ordered in July 1973)

INFLATION SHOCK SHEET

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Service Contracts

Forklift maintenance

FY 1974

\$23,000

39% increase in one year.

FY 1975

32,000

Office Movers, Inc. (moving helper/hour)

FY 1974

\$ 6.82

11.7% increase in one year.

FY 1975

7.62

IBM (typewriter repair)

Selectric II with dual pitch:

FY 1974

\$47.50

12.5% increase in one year.*

FY 1975

53.44

*Same % increase for all IBM models in FY 75/74.
IBM forecasts another 12.5% increase in FY 76/75.

OFFICE OF FINANCE

During the past year Office of Finance was able to put into effect the use of inbound commuted travel allowance tables for determining reimbursement entitlements for most PCS moves to Headquarters from abroad via home leave points, and for home travel between consecutive trips abroad. Use of these tables will simplify travel voucher preparation and the audit process at an obvious saving to the Agency.

Also, the Data Access Center in the Key Building is nearing completion. Its capabilities will include a remote job entry station which will be used initially for certain payroll and general accounting applications. Computer terminals with access to the OJCS system will also be installed.

And, last year the new payroll system was implemented.

*add weekly activity report
morning mtg*

[Signature]

COMMUNICATIONS

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With the job ahead of us, strong efforts are being made to open up lines of communication. This is imperative to get the job done, and we've made a good beginning in this area. Last year I met with support officers

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[Redacted]

Succession Planning

I also have regularly scheduled staff meetings each month with the M&S Office Directors and their Deputies. And, last August I began meeting bimonthly with officials from each office to discuss management objectives.

The above comments stress to some extent the mechanics of what I have done to open up lines of communications. Much more pertinent is the point that all DDM&S offices are urged to adopt a new attitude and philosophy on open communications at all levels - hold more office meetings, having a larger attendance at these sessions, establishing office MAG groups, giving wider circulation to documents of general interest, and possibly developing newsletters. In effect, younger professional officers have leveled some legitimate complaints about the "communications gap" and it behooves senior people in the Directorate to spend a little more time listening - feeling the pulse of the units, and taking quick corrective action when the situation calls for a remedy.

I would stress that as a Directorate that we are not necessarily going to respond because of inappropriate gripes or complaints - the noisy wheels of the organization - but we very definitely must take action on constructive criticism which might improve ways of doing things. The old ways are not necessarily right for the 1970's, and we must stay in tune with the times by giving serious consideration to new ideas and innovative suggestions, no matter the grade or position of the originator. I will hold Office Directors accountable if they don't take into account, in a reasonable way, the winds of change.

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OFFICE OF COMMUNICATIONS

The Office of Communications has experienced a substantial reduction in both personnel strength and positions ceiling authorization during the past year. At the end of March last year, the on-board



By contrast, the work the office has to do has increased. Though in the past year the number of Agency overseas field stations has been reduced, the number of stations manned by OC personnel has increased. And, look at this: last year OC processed some [redacted] it is estimated by a simple straight line projection that the figure by the end of the year will be [redacted]

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To meet these increased demands with fewer people, OC has accomplished quite a few noteworthy projects. I'll discuss just a few:

In April 1973, an Automated Communications Terminal (ACT) for Headquarters was placed in operation. The system automated most manual message preparation and has enabled OC to process increasing traffic, even those unanticipated surges during crises, with no increase in personnel.

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In late 1973 a new generation automated message switching system known as MAX-1A was activated at [redacted]. The system provides faster operating speeds and increases the number of tributary stations that can be accommodated.

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As a counterpart to MAX for smaller overseas base stations, OC has programmed the automatic relay system. The first of these machines is scheduled for installation at [redacted] the second quarter of this year, with [redacted] following. The ARS, besides helping OC to process more traffic with fewer people, will provide an emergency backup capability should other facilities be disrupted.

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CAFT, a computer assisted field terminal, is a replacement for the electro-mechanical teletype equipment currently used. It consists of an optical character reader, video display unit, high speed printer, and mini-computer. CAFT will improve the accuracy and productivity of the communications operations and will also enable OC to accommodate surges in traffic without increasing manpower. A prototype model was assembled and tested in 1973, and service test models will be tested this year.

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OFFICE OF JOINT COMPUTER SUPPORT

In April 1973, the name of the office was changed from the Office of Computer Services and it was transferred from the DDS&T to the DDM&S. In July of 1973, a reorganization of the office was completed. In summary, this consisted of:

1. Consolidation of three applications divisions into a single applications division;
2. Establishment of a Systems Engineering Division for development of Computer Center systems, software and hardware;
3. Reduction of the Operations Division function to the installation and operation of the computer system; and
4. Establishment of a User Support Division for training and user assistance.

Last spring I gave [redacted] direct responsibility for implementing the SIPS Program (Support Information Processing System), which was renamed MAP (Management Assistance Programs). The objective here was to reevaluate priorities for MAP applications with M&S Directorate Office Directors and to expedite action to bring these applications to operational status. Each month I meet with the Office Heads to review progress and plans regarding MAP.

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By November 1973, the consolidation in OJCS of Central Reference Service computer processing activities, a directive from the DCI, had been accomplished. CRS operators and systems programmers were transferred to OJCS, CRS computer terminals were switched to OJCS computers, and the CRS IBM 360/155 was released. Estimated savings were [redacted] per year and [redacted]

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During the past year, OJCS made literally hundreds of changes in Agency computer systems to increase capacity for new requirements, to improve the quality of service, and to reduce costs for various computer components such as disk storage, memory, and data communications controllers. I'll mention only one as an example:

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The number of remote terminal devices was increased from 150 at the beginning of the year to 250 at the end of the year. (Only the 150 terminals had been installed during the previous five years.) These terminals include Remote Entry systems with high-speed line printers and card readers; displays; typewriters; low-speed printers; and several sophisticated systems such as the BR-90 (display with film overlay) and image enhancement systems.

Also during 1973, OJCS developed the specifications and negotiated a contract for a mass storage system capable of storing a trillion bits of data on-line--about three times the amount of data now stored on magnetic tape and magnetic disks. This system is designed to reduce manual effort in the Computer Center, speed up access to data, and improve the security of data. The initial system is scheduled to be operational by June 1975. Total cost for the final system: approximately three million dollars.

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OFFICE OF TRAINING

During 1973, OTR lost 25 training careerists. [] of its professional cadre. The majority of these instructors had been engaged in operations training. There was also a reduction in the number of components reporting directly to the DTR (formally 11 reported to him, eight do so at present).

Here are just a few of the highlights in OTR during the past year:

An off-campus program, that is, on CIA premises, afterhours college training program was begun in conjunction with the University of Virginia's School for Continuing Education. In the fall semester 261 students were enrolled, and there were 274 students for the spring semester. All of the instructors are Agency employees approved by the University of Virginia.

A new Guest Speaker Program was launched with Professors Zbigniew Brzezinski and Lincoln Bloomfield, Ambassador Ellsworth Bunker, and Mr. Peter Peterson as distinguished guests.

The Agency--and OTR--inherited the Information Science Training Program formerly offered by DIA. This community-wide program has had a heavy enrollment.

The Career Training Program increased its activities primarily in response to the loss of large numbers of Agency personnel through retirement. Program officers are now interviewing in the field rather than exclusively at Washington, and this has resulted in considerable savings. The program also has made an intensive effort to recruit CTs with good language skills.

Plans for establishing a Word Processing Center, hopefully this summer, were completed and serious consideration is being given to constructing the OTR curriculum on a modular basis. These modules would make available to the student those units he needs in a range of courses from the collection of intelligence, through its production, to the management of intelligence resources.

In the language area, OTR expanded its self-study program and offered more courses in part-time language training in the Headquarters Building. The Office has also conducted a very successful four-week total immersion course in Russian [] for officers already possessing advanced skills in the language. Two more such total immersion programs in French and Spanish are planned.

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COMPTROLLER'S OFFICE

The original concept of Mr. Schlesinger was to have the Office of Planning, Programming and Budgeting under the cognizance of the Deputy Director for Management and Services, and this was the charter established in early 1973.

Most certainly any organization reflects the management style of the head of the organization, and Mr. Colby has instituted a number of changes in various elements of the Agency - following his concept that this must be a truly American intelligence agency that complies with our constitutionally open society. This surely impacts heavily on the Directorate of Operations. In terms of the Management and Services Directorate, Mr. Colby saw fit to bring the Office of the Comptroller under his direct cognizance, making that component responsible for the Agency program and resource utilization. The same basic document of 5 November 1973 indicated that the Deputy Director for Management and Services would have responsibility of providing resources (financial and personnel) to Agency operating components for the implementation of the programs established by the Director and the appropriate Deputy Directors.

It goes without saying that there has to be a mutually beneficial and close working relationship between the Management and Services Directorate and the Office of the Comptroller. I have encountered no problems in this regard, and appropriate procedures have been worked out at all levels. Both Jack Blake and I have extensive dealings with Jack Iams on matters of mutual interest, and members of the DD/M&S Plans Staff are in regular frequent contact with [redacted] and other members of the Comptroller's office. This further complements a close working relationship which has been established with a number of DD/M&S offices, including Logistics, Personnel, and the Office of Joint Computer Support. STAT

In my formal presentation today, I have stressed the point that 1973 was a year of dramatic change in the Agency - with new people, new policies, and new procedures. I have encountered no difficulties under this arrangement, which was established in late 1973.

*reunion
Chen*

MANAGEMENT BY OBJECTIVES (MBO)

What's Happened

The perception of many managers is that MBO was introduced into CIA by fiat. Not enough time was devoted to educating managers in MBO-- its purpose in the Agency and how the MBO process should work.

Despite all of this, generally the Office Directors and I have found MBO helpful. We've found MBO aids in developing manager self-discipline, it focuses attention on improving results for a given level of resources; it fosters employee participation in setting objectives; it has helped managers at different levels know what results are expected (what they are accountable for); it has helped focus attention on longer range goals; and it has helped in identifying lower level managers' potential for more responsible positions.

There are still some bugs to be worked out. Statements of objectives need to be defined better - made more crisp. The paperwork overhead has been heavy in the first year, but should go down in succeeding years. Several Office Directors feel that too much emphasis has been placed on quantification of objectives. I believe we should quantify where possible. I am all for objectives calling for improvements in quality, but I want the Offices to be able to show me what their current standards for quality are against which they want to improve. A final concern of mine is that certain offices have not yet incorporated MBO into the work-a-day world of their managers.

I expect it to take another two to four years to achieve a working MBO system. To meet this goal, I have been documenting a Directorate philosophy of MBO. This philosophy, I hope, will provide a framework to meet the two to four year goal of a working MBO system.

M&S Philosophy of MBO

What makes MBO work? People. You and me working together. Top management has to commit the time, patience, leadership and conviction to make MBO work. Responsible managers have to be educated in the use of MBO. This missing element in the Agency has led me to ask the Director to set a DCI objective for the DDM&S to correct this situation. We have to take the time to identify what results are important. Resource allocation, manager accountability and rewards are tied to getting accomplished our important results areas. We need to recognize that there is a hierarchy of objectives at work, both organizational and personal. They are both competing with and complimenting one another. MBO is part of a whole style of management. It concentrates on the important, but doesn't forget about the routine. It

looks to the future in terms of where we are trying to go. It encourages people throughout the organization to participate in setting objectives and evaluating progress. It allows freedom for management to vary their style in accomplishing objectives. MBO involves a planning and control strategy. We plan for results in a given time frame. We ask that alternatives to a plan be available as an aid to avoid crisis management. Control in the achievement of results is achieved thru periodic evaluation of progress and evaluation of how managers manage. I want objectives to be coordinated on where necessary (when accomplishment depends on two or more parties) and shared for understanding among components. We are not concerned with routine operations in objective setting. We are asking people to stretch themselves a little harder and further each year in selected areas. Our objectives to be worthwhile have to be reasonable and attainable in a given time frame with a given amount of resources. People will be accountable for results. I believe when people know what they are accountable for, it will help to improve self-discipline and self-improvement. Our objectives must be susceptible to measurement. At a minimum what is to be done, by whom and by what deadline. There has to be feedback in the system between managers and subordinates. Part of the feedback process is the bi-monthly management conferences, I hold with each Office Director. In addition to discussing progress toward achieving objectives, we discuss whether priorities are still relevant, problems, milestone slippages and gains, corrective action needed, changes in manager accountability and other significant timely issues. These conferences offer me another chance to tell a manager he is doing a good job. We have action plans to back up our objectives. It is the milestones making up action plans that provide the quick checks on progress to achieving objectives at the conferences. Since MBO is results oriented there must be rewards for achievement. If a manager is found to be not managing well as a result of the evaluation process, some action will have to be taken...counseling, training, reassignment, downgrading, or termination. Rewards can vary and I think new approaches are needed. The high performer can be thanked for doing a good job, promoted, given more responsibility, etc. But there is cause for concern about reward for the guys making \$36,000 a year. I think the Agency has got to consider cash awards to our senior managers for outstanding achievement of results. ~~Rewards for these people could also come in the form of a variety of sabbatical opportunities.~~

I have a few words on what I am committed to by using MBO. I'm committed to achieving results; to letting my managers achieve results using their own style; to having managers cooperate and coordinate with each other in getting results; to having all employees participate in applying MBO in the Directorate; to eroding bureaucracy and substitute manager accountability for planned results; to opening up the organization to where managers no longer avoid conflict but use it constructively; and I am committed to identifying people who achieve results to fill management positions in this Directorate.

ONE CAREER SERVICE CONCEPT

There have been a number of proposed changes in or approaches to personnel management which result from recommendations of the Personnel Approaches Study Group. These recommendations have been endorsed by the Management Committee and are now awaiting DCI approval for implementation. The objective of these recommendations is a greater uniformity of personnel management throughout the Agency, while retaining the necessary flexibility in each Directorate.

The basic recommendation is to change the existing career service structure by reducing the Agency's Career Services from 23 to 5: one in each Directorate and one in Executive area. Each Deputy Director, as Career Service Head, will be charged to re-examine existing career service structure and decide which type of structure will be most effective throughout the Directorate.

At the present time, there are 11 separate career services in the M&S Directorate. By and large these separate services represent the functional offices. Last summer we took a step toward a one career service concept when all the supergrade positions and officers were combined into one 'M' Service. Undoubtedly there are other changes to be made which will cut across existing Office boundaries and organize personnel into grade or functional areas for implementing personnel policy guides and instructions of the Directorate. Initially we will stick to our present structure with the 11 career services becoming subgroupings or panels of the over-all M&S Career Service.

As Head of the Directorate Career Service, each of the four Deputy Directors will be responsible for implementing a 16-point personnel program. I will not go into all of these 16 points at this time, but a few examples will illustrate their objective: greater uniformity throughout the Directorate. For example:

- a. uniform promotion criteria and procedures;
- b. directorate-wide personnel objectives in conjunction with Management by Objectives (MBO), Annual Personnel Plans (APP), and Personnel Development Program (PDP);
- c. directorate-wide counseling program;
- d. standards for selecting candidates to attend senior schools and other external training, including consideration as to how the trainee will be assigned after attending the school or course; and

e. provide policy to facilitate inter-Directorate transfers and rotational tours.

These proposed approaches to personnel management will change some of our existing practices and career service concepts. Most people tend to dread and fear change, but the over-all objectives should be remembered:

To obtain maximum personnel usage and development consistent with Agency requirements through systematic personnel planning, goal setting, and integration of personnel and financial management.

LATERAL MOBILITY

I favor this program in concept and would hope that there might be more movement of qualified people between M&S offices and between Directorates. Certainly, if an employee wants to go into a new job and feels he can do the work, it will not be held against him. The DDM&S, however, can only do so much, and it is up to the employee to invest his time and establish his qualifications.

A program like this is the best education in the world for those with senior management responsibilities: the background and experience of Jack Blake speaks well of the advantages in that area. But, as with all programs, there should be some order and system involved, and I do not want to push for transfer or reassignments merely for the sake of movement. And there must be room for some specialists in the Directorate who should not, who do not want to be, transferred.

PERSONNEL DEVELOPMENT PROGRAM

The initial submission of the Agency's first formal Personnel Development Program has been completed by the Career Services and is being discussed by the Director with each of the Deputy Directors concerned. The PDP is a major step in the development of a sound and productive personnel management program in CIA, closely aligned with the Annual Personnel Plan and reflecting the implementation of the Federal Executive Development Program in the Agency. Federal guidelines are relatively flexible and in the Agency have been tailored to our special needs. Here the Program is being developed primarily within the Career Service System and the Director is relying on the Deputy Directors to manage it.

A personnel development program is a systematic approach to the development of employees, as groups and as individuals, both for the welfare of the individual and for the benefit of the organization. As implemented this first time in CIA, the Program is directed to the identification and development of personnel with the talent and potential to become senior managers and to successfully assume executive positions. The Program consists of several parts. The first lists the senior managerial or executive positions (GS 15-17 and SPS) becoming vacant over a three-year period. The second identifies those officers considered qualified to be candidates for assignments to these vacancies. The third, and probably the most important part, identifies those officers in grades GS-13-15 who by performance and known potential are considered qualified to be developed for executive assignment. Some of those identified will be considered for specific assignments, and others for development in terms of a general career service type of position. An important step in the identification process is the review of the officer's background and a determination what additional experiences or training is needed to fully qualify him for future senior assignment.

The Program will be extended in subsequent years to include officers through the GS-11 level. At lower grades the identification and training plans will probably be to a greater extent through grouping and the application of general-type profiles and less in terms of the specific succession plans being developed for the more senior personnel.

The Personnel Development Program is a key element in a sound and productive personnel management system. Changing programs, new technologies and operational techniques are all creating new pressures and a better job of personnel development and management is being required to meet these new situations. The identification of officers with executive potential, their training and development to ready them for a senior assignments is essential if we are to maintain our professionalism in the changing situations--with the added problem of reduced complements in

terms of both experience and numbers. The opportunity for development at all grade levels is essential if we are to convince our employees that personnel development and management is a continuing interest of the Agency's managers. The Program, at its various stages, thus becomes a responsibility of all managers within the concept of the Agency's personnel management system.

ANNUAL PERSONNEL PLAN

The Annual Personnel plan is a basic element in the Agency's personnel management program. It is designed to focus the attention of the Deputy Directors and senior managers on the development of personnel management plans in their respective areas of responsibility. APP results are charted to provide a current picture and the statistical goals for the next fiscal year in numerous areas pertinent to personnel planning and management. The Plan includes reports of expected personnel losses, needed personnel gains in terms of training and/or background, general planned promotions, training requirements, specific EEO staffing and promotion plans. Properly and conscientiously done, the APP provides the Director with a statistical picture of where each Career Service plans to be at the end of the planning year. Within the Career Services the APP provides the same information for individual offices and divisions. The APP very clearly points up problem areas as well as areas of strength. The statistical format can in this manner provide a particular focus, but it must be remembered the statistics are only a means of reflecting plans involving people and positions. The importance of the APP is in the soundness and scope of the goals and plans and not in the collated numbers. Where the numbers show weakness, it is necessary to review and possibly revise the goals. Each subsequent APP provides for a report of the achievement towards the goals of the previous fiscal year.

The Director is keenly interested in good personnel management and has evidenced the interest by his detailed and careful review of the APP--and the PDP--and by his presentation of certain of the Career Service statistics in both Programs to senior managers at a meeting in the Auditorium. He has emphasized that he wants the "plans" in the APP to be goals to be reached; the importance is not in the numbers but in the goals they reflect.

EEO

Chart

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1. Refer to Administrative Notice HN dated 4 March 1974, entitled "The Status of the Agency Equal Employment Opportunity Program," signed by the DCI.
2. Track Record of Agency including DDM&S has been "unsatisfactory."
3. Managers and Supervisors are to be rated in fitness reports on their performance in EEO areas, furthermore -
4. Requesting that Office Heads identify qualified women and minority personnel for training that will enhance their potential and opportunities for advancement, furthermore -
5. Directing Office Heads to ensure that managers and supervisors attend OTR and CSC courses in EEO, furthermore -
6. Directing Office Heads to make EEO an objective under MBO Program. In this manner, DDM&S along with Office Heads will become personally involved in EEO.
7. Office of Personnel Recruiters are heavily involved in recruiting qualified professional officers. Although the DDM&S Tables of Organization are being cut back, we must be sure that we are hiring qualified officer to succeed those who depart. I am requesting my Office Heads to be certain that full consideration is given to minority and women applicants in conformance with our EEO objectives.
8. Tied in with the above, for some time now, I have requested that each Office Head or Deputy personally review each Black Applicant File that comes to their office for consideration. I intend to continue this policy.

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G. H. STAT

This Notice is Current Until Rescinded.

PERSONNEL



THE STATUS OF THE AGENCY
EQUAL EMPLOYMENT OPPORTUNITY PROGRAM

1. On 30 January 1974, the Director of the Office of Management and Budget addressed a memorandum to the Director of Central Intelligence on the Agency's 1975 budget. One paragraph, critical of CIA's Equal Employment Opportunity Program, states:

"As you know, the Administration is committed to equal employment opportunity for all Americans. Recent indications of increased Agency interest and effort in the EEO area, such as the upward mobility and worker-trainee programs at NPIC, are encouraging. Nonetheless, the Agency's over-all EEO performance has been disappointing in comparison with other Government agencies. Within the allowances set forth in this letter, you should provide the financial and staff support necessary to initiate and vigorously implement programs which will measurably improve the representation of minorities at all levels and women at the middle and upper levels of the Agency. I trust that you will give such programs your strong personal support."

2. The Calendar Year 1974 CIA Affirmative Action Plan for Equal Employment Opportunity states as an important part of the DCI's EEO policy that the top level managers of the Central Intelligence Agency believe in the principle of equal and fair employment opportunity for all employees irrespective of race, color, religion, sex, or national origin, and are determined that the Agency will practice equal and fair employment opportunity. Headquarters Regulation 20-20b(3)(d) revised to back this policy up in performance evaluations as follows:

"Rating officials will evaluate supervisors annually on their performance in equal opportunity areas such as identification of personnel with potential for advancement, especially members of minority groups and women, maximize utilization of personnel, and participation in upward mobility programs."

CIA's EEO policy is therefore clearly stated and the regulations have been revised to ensure that supervisors follow this policy and are rated on their EEO performance. In spite of these

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PERSONNEL

advances the OMB Director's memorandum is correct in stating that the Agency's overall EEO performance has been disappointing. I would in fact term it unsatisfactory. Starting from our present low base a number of steps must be taken to improve the record.

3. Despite increased efforts by the Office of Personnel and representatives of the Directorates, only four black professionals entered on duty in the first six months of FY 1974. Recruitment by individual Agency units to meet specialized office, division, and staff needs must now augment Recruitment Division efforts. In addition all employees are urged to interest black acquaintances in applying for Agency employment, especially at the middle and upper levels.

4. To move black and women employees to higher levels we must give greatly increased attention to upward mobility programs and internal and external training that will increase skills as well as potential for assuming greater responsibilities. It is every supervisor's responsibility, but especially that of office, division, and staff managers, to plan and implement upward mobility and special training programs for black and women employees who are dead-ended in their jobs but who have the potential and will to learn and gain new experience thereby enhancing their opportunities for advancement.

5. To ensure that all Agency supervisors are trained in EEO programs, procedures, and complaint processing, the Director, OTR coordinating with the Director, EEO, will increase in-house EEO instruction. In turn, managers at all Agency levels must require and make arrangements for their supervisors' attendance at both OTR courses and the excellent three-day EEO courses offered by the Civil Service Commission.

6. To ensure that all Agency managers and supervisors are taking positive steps to improve the Agency's EEO position, the Inspector General, coordinating with the Director, EEO and supported by the Director of Personnel, will review the EEO ratings of a representative sample of the fitness reports of all managers and supervisors and on a quarterly basis report to the DCI on the quality and realism of the ratings. Equal Employment Opportunity in the Federal Government is not only the law, it is the only way to ensure the continuation of the Agency's mission. Financial and staff support necessary for a vigorous program is available. However, all employees, and in particular supervisors, are the key to a successful program. It is the responsibility of each and every CIA employee to do his and her part in improving our present performance.

W. E. Colby
Director

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COMMUNICATIONS DURING THE MIDDLE EAST CRISIS

The Middle East crisis did cause a sharp increase in traffic processed as well as large increases in high precedence transmissions. For the period 1 through 30 October, MAX III processed a total of:

- a. 900,000+ transmissions
- b. 19,756 FLASH
- c. 250,668 IMMEDIATE

An average normal month's activity is about:

- a. 700,000 transmissions
- b. 600 FLASH
- c. 150,000 IMMEDIATE

MANAGEMENT AND SERVICES ADVISORY GROUP (MSAG)

On 2 July 1973 I established a Management and Services Advisory Group, composed of young officers from each of the Offices in the Directorate and the MG Career Service, to identify and study problems in the Directorate and talk with me about them. The group has no formal production responsibility, nor is it intended to replace existing formal command channels. But it does give me a chance to hear informally what is on people's minds. I meet with the group at least once a month, or more often if they have something they want to say to me, and we talk candidly. I don't look to the MSAG to provide answers, but to raise questions. I have put all of the resources of the Directorate at their disposal and directed my Office Heads to give them whatever help they need. And so far, I think, the results have been good. The group has alerted management to some issues we weren't aware of, added its comments to subjects we were already considering, and stirred up reexamination of some issues that may once have been hot and then subsided. They have focused on some small things--like posting the unit prices of VIP shares, and changing office names to eliminate confusion because of similarities in their initials--and made suggestions on some much larger issues: such as the establishment of a separate career service for clerical personnel and a study of our system for writing and processing new Agency regulations. I want you to know that I have taken the efforts of this group seriously; and I would like to suggest that you use it as a means to sustain--even if only indirectly--a dialog between you and the DDM&S. The MSAG would like to hear from you; and so would I.

*Need volunteers for all Advisory Groups -
don't just complain - join in and contribute
to orderly change.*

PERSONNEL REDUCTIONS

There have been personnel reductions in the past which were not handled well from a management standpoint, both in terms of a sympathetic, understanding treatment of old line employees and in accurately assessing the past performance of employees. The "201 Exercise" of some years back is well remembered.

The track ahead of us seems clear. The Agency is going to experience more personnel reductions, and the DCI has indicated his commitment to this, as outlined in his "horror charts" and our objective of going about a reduction in an orderly, sensible way, so that we do not lose good people. In this regard, there is also considerable effort being made to accurately assess the functions of the various components, so that we have some accurate measure of the impact of any cuts, regardless of the Directorate involved. The Jack Iams committee, involving Associate Deputy Directors, is being quite useful in this area.

As there may continue to be budget cuts, or just as we have to gear ourselves to "do more with less," the panels and subpanels will continue to rate people, the categories being generally high, middle and low. People at the end of the line, the "tail end Charlies," will find their jobs in jeopardy if there is a continued pattern of poor evaluations. But selection out will not be based on a one-shot evaluation.

Approved For Release 2006/09/29 : CIA-RDP84-00780R006100150016-4

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AGENCY CHARACTER

It would be immediately evident in reviewing the slides today that there has been some focus on personnel reductions in the last year. Most of you have probably had some exposure to the Director's "horror charts" on the personnel structure of the Agency, and I am aware that rumors tend to circulate about impending personnel reductions. Most certainly this creates a gloomy atmosphere and some concern about job security.

In order to put matters in some reasonable balance and perspective,^{STAT} I would like to point out that the Agency has historically been "people oriented" and our personnel remain our most important commodity. This point comes across most strongly when it is pointed out by individuals such as Harry Fitzwater and [redacted] who have extensive years of experience in other Government agencies, and they are in an excellent position to draw some comparisons. Most certainly former Directors through the years have developed and pushed this philosophy, and no attempt is being made to picture this as a 1973 creation of DDM&S. It is to be noted, however, that all elements of this Directorate have made very significant contributions in this important area, and this particularly relates to the worthwhile activities of the Offices of Personnel, Security, and Medical Services.

I know of no other Agency which has the "6161" Security Duty Officer system, with an established mechanism of offering help and assistance to employees twenty-four hours a day. The Office of Personnel has established a well earned reputation through the years of doing a little bit extra to help our people in an emergency or crisis. This same positive attitude of being helpful has prevailed in the Office of Medical Services under the guidance and direction of Dr. John Tietjen whose recent innovations in multiphasic testing reflects this concern about the health of our employees. In the last year I have urged the expansion of the OTR off-campus program, so that there are increased educational opportunities for our employees, in expanding on their qualifications and opportunity for advancement. Again, I stress that no attempt is being made to take credit for concepts which originated in the past, but I do wish to emphasize that this positive program of assistance continues at the present time.

In summary, every effort is being made to guide the Directorate in a human, understanding, and sympathetic manner, and I would urge all of you to avoid the gloomy rumors in the halls, and continue to strive to make a contribution to the legitimate goals of the Agency.



THE CHALLENGE

I understand that a large number of highly motivated and highly dedicated young officers came with the Agency in the 1950's, when the organization was in a period of growth and expansion. Most certainly the vast majority of these individuals developed an intense loyalty to the Agency during the "cold war" years, and in most instances their educational or employment background proved to be highly useful to the organization in a wide variety of activities. As some of these officers advanced in years and moved into more senior positions during the late 1960's, the "generation gap" crisis developed in that some question was raised as to the drive, enthusiasm, and basic organizational loyalty of newer employees who were coming on board from the campuses of American educational institutions. It was in the 1969 period that we conducted an attitudinal survey to get a handle on this situation, and it was soon made clear that these young new officers had the same basic attitudes, motivation, personal concerns and interests - not withstanding the aftereffects of the Vietnam War.

Now in speaking about the present status of the Agency, when it is no secret that the size of the organization is on the decline, I would stress that there remains a job to be done - under different guidelines - and this presents a serious challenge to the young employees and to the Agency. I follow pretty closely the educational backgrounds and experiences of new applicants, particularly those individuals entering our ranks through the Career Training Program, and I am completely convinced that these young officers are well equipped to take on increased responsibilities and new challenges. Many of the newer applicants have a solid foundation in the new technology - familiar with the latest equipment and methodologies. They know computers and want to utilize them in connection with their work here in the Agency. I repeat that it is a challenge to the organization to furnish these dedicated officers with the most modern equipment available, and I intend to do everything in my power to properly support their efforts.

Most certainly the Agency is going through a somewhat difficult period of adjustment, and there might be the natural temptation to throw in the towel or move into other less fulfilling work pursuits. Again I would urge, however, that young officers hang in there, accept the challenge which remains, develop new ideas, new concepts, and new procedures which are appropriate for the Agency in the 1970's and 1980's. There remains room for innovative and imaginative people.

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WATERGATE

1. There are a number of things which might be said about Watergate. Firstly, the Agency appears to have enjoyed an extremely fine relationship with the "hill" through the years, mainly as a result of the strong efforts and cooperative attitude of the Office of Legislative Counsel. In effect, the Agency developed an excellent and creditable image with the Congress, with the result that we were sometimes given special exemptions on certain legislative requirements. It would now appear that the Agency may possibly be in for some rough sledding in the near future from a legislative standpoint, with the likelihood being that bills will be more restrictive and pointed, with the focus on foreign intelligence.

2. I would suspect that the National Security Act of 1947 might very well be amended to reflect this emphasis on our responsibilities overseas. The basic charter of the Agency will be reviewed in this context, and Mr. Colby has made a strong point of emphasizing that this is to be an American intelligence organization, with pressure imposed by our constitutionally open society, which is supplemented by the current atmosphere of exposure. There are a number of proposals for substantial modification of our unique authorities and our procedures for Congressional oversight and appropriations.

3. It should also be noted that there will continue to be increased concern and interest at senior levels of the Agency on any type of "questionable activity" which is conducted in the United States, no matter what our motivation might be. This is certainly reflected in Headquarters Notice [] which enjoins the Directorate, ^{STAT} the Office of General Counsel, and the Office of the Inspector General to review closely any type of assistance to other Government agencies. Most certainly we will have to scrupulously monitor any and all contacts with local law enforcement agencies, even in the routine investigation of Agency applicants. In the same context, we will have to be extremely scrupulous in routine training exercises, because our activities might be misconstrued as involvement in domestic activities.

4. As another facet of the overall problem, we undoubtedly will have to take a hard look at our policy of compartmentation or "need to know." In substance, senior management in the Agency will have to have full knowledge of what is taking place, and it might very well be that there will be a need to put our hands on the data more quickly and more efficiently. To some extent, the right hand is going to have to know what the left hand is doing--it will not be called "compartmentation" but poor communications.

FINE ARTS COMMISSION

The Fine Arts Commission of the CIA was established in 1963 to advise the Director on esthetic matters relating to the Headquarters Building and its grounds. Membership on the Commission is by appointment by the Deputy Director for Management and Services and is on the basis of qualifications and interest, not on the basis of organizational representation. The members serve on the FAC in addition to their other duties.

The Fine Arts Commission is concerned with Agency buildings and grounds in terms of the work environment--everything from fence painting, placement of sidewalks, choice of flowers to the standards of furnishings and carpeting to be used throughout the buildings, with particular emphasis on the decor of the buildings' public areas. The Agency employs a part-time consultant on interior design who visits Washington periodically and meets with the FAC on any matters relating to environmental design.

FAC sponsors exhibits in the LD corridor, and encourages employee-initiated and organized shows of general interest to our employees. We take pride in the fact that the Headquarters Building is recognized as being one of the finest Government buildings in the metropolitan area and to this end all employees are encouraged to take an interest and make suggestions for the enrichment of our daily environment.

APPROVED HONOR AND MERIT AWARDS BY CAREER SERVICE
 (FY 1974: 1 July 1973 - 30 April 1974)

	<u>DIC</u>	<u>IS</u>	<u>DIM</u>	<u>IMM</u>	<u>CIM</u>	<u>CD</u>	<u>CM</u>	<u>Totals</u>
Management & Services Dir.			5	8	39	22	46	120
Operations Directorate	5		11	13	32	17	8	86
Intelligence Directorate			4	4	9	6	29	52
Science & Technology Dir.	—	—	4	3	3	5	4	19
Totals	5	0	24	28	83	50	87	277

*O-DD/M&S			2		11	1	2	16
O/Personnel			1				3	4
O/Security			1	2	5	9	8	25
O/Communications				2	12	4	14	32
O/Training				1	4	2		7
O/Finance					5	3	7	15
O/Joint Computer Support					1	2	10	13
O/Logistics					1			1
O/Medical Services	—	—	1	3	—	1	2	7
	0	0	5	8	39	22	46	120

*Includes 'M' careerists assigned outside the Directorate.

STAT

APPROVED HONOR AND MERIT AWARDS
(By Directorate)
Fiscal Year 1973

	<u>DIC</u>	<u>IS</u>	<u>DIM</u>	<u>IMM</u>	<u>CIM</u>	<u>CD</u>	<u>CM</u>	<u>Total</u>
Directorate of Management and Services	0	1	0	8	15	34	61	119
Directorate of Operations	0	14	20	21	16	39	42	152
Directorate of Science and Technology	0	2	6	3	3	10	12	36
Directorate of Intelligence	<u>0</u>	<u>0</u>	<u>0</u>	<u>6</u>	<u>4</u>	<u>6</u>	<u>9</u>	<u>25</u>
Totals	0	17	26	38	38	89	124	332

* There are obviously a number of variables in these statistics - in that there were a number of reorganizations, changes, and reductions in Fiscal Year 1973.